

## Message Text

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FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 3052

INFO AMCONSUL BOMBAY

AMCONSUL CALCUTTA

AMCONSUL MADRAS

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E.O. 11652: N/A

TAGS: ECON, IN

SUBJECT: CONGRESS PARTY RESOLUTION ON ECONOMIC POLICY

SUMMARY. THE CONGRESS PARTY IS CONSIDERING A DRAFT RESOLUTION ON ECONOMIC MATTERS, WHICH IS BASICALLY A JUSTIFICATION OF PAST POLICIES AND A CALL FOR ECONOMIC GROWTH AND A MORE JUST SOCIETY. END SUMMARY.

1. THE CONGRESS PARTY MEETING IN CHANDIGARH WILL BE CONSIDERING A DRAFT RESOLUTION ON ECONOMIC POLICY APPROVED BY THE CENTRAL WORKING COMMITTEE DECEMBER 28. THE RESOLUTION FIRST JUSTIFIES THE PARTY'S ECONOMIC POLICIES SINCE INDEPENDENCE AND POINTS OUT HOW INDUSTRIALIZATION AND PLANNING HAVE TRANSFORMED THE INDIAN ECONOMY. THE RESERVOIR OF HUMAN SKILLS HAS BEEN GREATLY INCREASED. THE TEXT NOTES, HOWEVER, THAT A SERIES OF "ABNORMAL DEVELOPMENTS" IN 1972-75 -CONFLICT WITH PAKISTAN, SEVERE DROUGHT, INTERNATIONAL MONETARY UNSTABILITY AND LARGE INCREASES IN WORLD PRICES OF FOOD, FERTILIZERS AND FUEL - GENERATED AN ACUTE INFLATIONARY SPIRAL IN INDIA. IT IS CLAIMED THAT GOI POLICIES HAVE BROUGHT ABOUT A REVERSAL OF THIS SPIRAL, AND THE PRICE LEVEL HAS BEEN DECLINING SINCE SEPTEMBER 1974.

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2. THE RESOLUTION INCLUDES A PAEAN TO GOVERNMENT ECONOMIC POLICIES SINCE THE EMERGENCY. THE CESSATION OF WORKERS INDISCIPLINE, INCREASED AGRICULTURAL AND INDUSTRIAL PRODUCTION AND BETTER PERFORMANCE OF PUBLIC SECTOR ENTERPRISES HAVE LED TO "IMPRESSIVE" RESULTS. LAND REFORMS ARE ESSENTIAL NOT ONLY TO INCREASE AGRICULTURAL OUTPUT, BUT ALSO TO REDUCE INCOME INEQUALITIES. THE RESOLUTION NOTES THE STEPS ALREADY TAKEN TO DISTRIBUTE LAND AND HOMESITES TO LANDLESS WORKERS, ENACT HIGHER MINIMUM AGRICULTURAL WAGES AND PROVIDE MORE RURAL CREDIT.

3. FOR THE FUTURE THE CONGRESS PARTY CALLS FOR A SERIES OF ECONOMIC AND SOCIAL MEASURES. A WELL FUNCTIONING PUBLIC DISTRIBUTION SYSTEM, INCLUDING THE BUILD UP OF FOOD STOCKS; BETTER ALLOCATION OF POWER, FERTILIZERS AND WATER WITHIN AN INTEGRATED PROGRAM OF RURAL DEVELOPMENT; INCREASED PRODUCTION IN CORE INDUSTRIAL SECTORS; PROTECTION OF WORKERS IN AN "INDUSTRIAL DEMOCRACY", INCLUDING WORKERS PARTICIPATION IN MANAGEMENT; CONTROLLED URBAN GROWTH; A MASS FAMILY PLANING PROGRAM WHICH ENVISAGES THAT THE NUMBER OF PEOPLE INVOLVED BE INCREASED FROM 17 TO 40 MILLION WITHIN THREE YEARS; AND BETTER PUBLIC HYGINE AND EDUCATIONAL FACILITIES CONSTITUTE THE MAIN ELEMENTS OF THE FUTURE PROGRAM. IN ADDITION, THE CONGRESS RECOGNIZES THE USEFUL ROLE OF A SOCIALLY CONSCIOUS PRIVATE SECTOR IN ACCELERATING THE DEVELOPMENT PROCESS". THE RESOLUTION ALSO STRESSES THAT "THERE MUST BE A FAIRER DISTRIBUTION OF SACRIFICE AND OF THE REWARDS OF ECONOMIC PROGRESS".

4. COMMENT: THE DRAFT ECONOMIC RESOLUTION CONTAINS NOTHING PARTICULARLY NEW BUT ITS GENERAL THRUST (AS IS THAT OF THE PARALLEL POLITICAL RESOLUTION PUT FORWARD (SEE SEPTEL) IS INTERESTING. UNLIKE SIMILAR RESOLUTIONS IN THE LAST FEW YEARS, THE IDEOLOGICAL FLAVOR OF THE CURRENT RESOLUTION IS MINIMAL. "SOCIALISM" GETS A PASSING BOW ONCE AT THE BEGINNING AND IS NEVER MENTIONED AGAIN; "THE WORKING CLASS" HAS VANISHED IN FAVOR OF "WORKERS" ONLY; THE REFERENCE TO THE PRIVATE SECTOR" IS BRIEF BUT IN RECENT YEARS THERE HAS BEEN NOTHING ENCOURAGING SAID ABOUT IT AT ALL. WHAT ALL THIS MEANS IN PRACTICE REMAINS TO BE SEEN, BUT THE REHTORIC PROVIDES FURTHER EVIDENCE OF A STEADY SIFT "RIGHTWARD" EVEN IN THE HIGH-FLOWN AND USUALLY HEAVILY SOCIALIST FORMULAS OF THE CONGRESS PARTY.

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